

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 530 - 7

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Establishes state policy regarding natural climate solutions.

Government Unit(s) Affected:

Burns Paiute Tribe, Confederated Tribes of Umatilla Indian Reservation, Confederated Tribes of Warm Springs, Department of Energy, Department of Forestry, Oregon Watershed Enhancement Board, Coquille Indian Tribe, Department of Agriculture, Department of Fish and Wildlife, Klamath Tribes, Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, Confederated Tribes of Grand Ronde, Counties, Cow Creek Band of Umpqua Indians, Department of Land Conservation and Development, Department of State Lands, Parks and Recreation Department, Confederated Tribes of Siletz

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

SB 530 - 7 establishes the Natural and Working Lands Fund which is continuously appropriated to the Oregon Watershed Enhancement Board (OWEB) to annually transfer to other funds established under this measure, as directed by the Oregon Global Warming Commission, in consultation with OWEB, Oregon Department of Fish and Wildlife (ODFW), Oregon Department of Forestry (ODF), and Oregon Department of Agriculture (ODA).

The Agriculture Natural Climate Solutions Fund, Forestry Natural Climate Solutions Fund, Watershed Natural Climate Solutions Fund, and Fish and Wildlife Natural Climate Solutions Fund are also established in the measure. These funds are continuously appropriated to ODA, ODF, OWEB, and ODFW respectively; and no more than 10% of moneys in each fund may be used for administrative costs.

ODA, ODF, and OWEB are to use the funds to establish programs that provide incentives and financial assistance for technical support to help landowners, Indian tribes, land managers, and environmental justice communities to adopt practices that support natural climate solutions. Funds are to be prioritized for technical assistance to, and incentives for programs or activities supported by, environmental justice communities or Indian tribes. ODFW is to use funds to promote natural climate solutions and mitigate the future impacts of climate change through certain research.

The Oregon Global Warming Commission is to report to the committees of the Legislative Assembly related to the environment by September 15 each year with a summary identifying the uses of the Natural and Working Lands Fund and additional funding needs. The Commission is also to report to the interim committees of the Legislative Assembly related to the environment and the Governor by December 1 of each even numbered year on projects funded by the Natural and Working Lands Fund, state, federal, and private sources of funding for projects, an assessment of projects, planned projects, and environmental justice community projects, which includes public comments. The Oregon Global Warming Commission may also appoint a natural and working lands advisory committee. The Oregon Department of Energy (ODOE) is to support the Commission's work under this measure or may contract for support services.

ODOE and the Oregon Global Warming Commission, in coordination with state natural resources agencies and relevant federal agencies, are directed to establish and maintain a net biological carbon sequestration and storage baseline and inventory for natural and working lands; and relevant activity-based metrics and community impact metrics. No later than January 1, 2025, these entities are also to establish nonbinding biological carbon sequestration and storage goals for Oregon's natural and working lands. ODOE is directed to study workforce and training programs needed to support adoption of natural climate solutions on natural and working lands and report to the committees of the Legislative Assembly related to the environment by September 15, 2024.

The measure takes effect on the 91st day after the Legislature adjourns sine die.

Oregon Department of Agriculture, Oregon Department of Forestry, Oregon Watershed Enhancement Board, and Oregon Department of Fish and Wildlife

The fiscal impact of this measure for these agencies is largely indeterminate given that this measure does not specify how much funding, and what fund source, will be deposited in the Natural and Working Lands Fund. The Oregon Global Warming Commission is also to direct allocations of funds, and how funds will be distributed is unknown at this time.

ODA, ODF, OWEB, and ODFW are all to receive funding from the Natural and Working Lands Fund and likely will need additional position authority and expenditure limitation related to the research, incentives, and financial assistance for technical support that these agencies are asked to provide. However, these needs will have to be reassessed once there is an estimate of funding available.

Oregon Department of Energy

ODOE anticipates costs totaling \$1,526,146 General Fund in the 2023-25 biennium, and \$1,106,455 General Fund in the 2025-27 biennium.

The known costs for this measure are related to the establishment of the net biological carbon sequestration and storage baseline and inventory for natural and working lands; and development of relevant activity-based metrics and community impact metrics. ODOE would contract with a technical consultant to produce and update the inventory, and model carbon sequestration and storage potential on natural and working lands. ODOE estimates this cost at \$400,000 General Fund each biennium, based on recommendations from the Oregon Global Warming Commission Natural and Working Lands Advisory Committee and related work conducted by Oregon State University's Institute for Natural Resources. The agency anticipates a one-time cost of \$250,000 in the 2023-25 biennium, for a carbon accounting consultant to inform and refine metrics. Funding for this consultant may be needed on an ongoing basis, but some work would be related to assessment of projects funded by the Natural and Working Lands Fund, so further analysis is required.

The agency would also hire two new permanent, full-time positions, including a Research Analyst 3, to collect data and help develop and maintain the inventory, and create related reports; and an Operations and Policy Analyst 4 to work with stakeholders and analyze policy options. Total costs of these positions are estimated at \$394,542 General Fund in the 2023-25 biennium, and \$450,907 General Fund in the 2025-27 biennium, with an additional \$35,398 and \$31,312 in services and supplies each biennium, respectively.

The agency also estimates \$196,206 General Fund in the 2023-25 biennium and \$224,236 General Fund in the 2025-27 biennium for indirect costs. The agency's services and supplies costs include indirect costs equivalent to 49.73% of personal services costs. This rate is negotiated biennially with federal partner agencies and costs included here reflect the indirect rate for the 2021-23 biennium, not the rate for the 2023-25 biennium. Costs of this measure could change based on the agency's actual indirect rate for next biennium.

ODOE is also directed to study workforce and training programs needed to support adoption of natural climate solutions on natural and working lands. The agency estimates that the cost to contract for this study will be approximately \$250,000 General Fund, based on other similar contracts.

Similar to ODA, ODF, OWEB, and ODFW, the fiscal impact of work related to the Natural and Working Lands Fund is indeterminate at this time. ODOE is to support the Oregon Global Warming Commission, which is directed to determine allocations of funds and provide annual and biennial reports on the Natural and Working Lands Fund. This work will also be partially dependent on the number and scope of projects funded by the Natural and Working Lands Fund, as well as funding available.

Other entities

There is minimal fiscal impact anticipated for the nine federally recognized Tribes in Oregon, Department of Land Conservation and Development and Department of State Lands, and no fiscal impact for Oregon Parks and Recreation Department.

Counties report an indeterminate, but potentially large, impact as a result of this measure, given the amount of work that may be required for research and implementation around methods to reduce greenhouse gas emissions and increase net carbon sequestration.